

THE FINANCIAL EDGE

October 2021



WHAT ARE YOU AFRAID OF?

Personal comments by Mary

There are the common fears - fear of failure, fear of acceptance, fear of dying, fear of public speaking. Then there are the phobias of flying, heights, snakes, bugs, etc. that list is endless. Our Society spends a lot of time and energy on fear. Just look at the headlines.

Fear of failure has been big for me. Getting a divorce devastated me. It was hard to admit I made a mistake of that magnitude. I keep reminding myself that I am human, mistakes are allowed. As I get older, I accept that failure is part of life. I have learned that life still goes on, with or without me. I might as well accept it and move on. I cannot let fear run my life.

Another fear that I have - is not living my life to the fullest. I was frustrated when the regulations regarding COVID came into play. We take risks every single day. Death is

the only thing guaranteed in life. Yes, I want to be cautious, but to what extent. I watched my mom face cancer and I wonder if the cure was worse than the disease. When it comes to death my goal was to stay alive until my boys were on their own, any time after that is a gift. I have passed that point, so now I focus on how to spend my gift of time.

I have also learned that courage is facing my fear and doing it anyway. Facing it provides relief and develops confidence. When I fear something, I look to the other side. I focus on how I will feel when I face this fear. There is nothing to fear except fear itself.

What are you afraid of?

Happy Halloween!

Mary Guldán-Lindström



"Most great people have attained their greatest success just one step beyond their greatest failure."

~ Napoleon Hill



"Mary helps our business by giving direction! And by watching over the financial side of the business with good advice and feedback. She continues questioning things that are not working so well. Many times, she has made us take a long hard look at things that we may otherwise just pass over."

Debbie Lake, VP Lake Companies, Inc.

YOUR REFERRALS ARE APPRECIATED AND WILL BE TREATED WITH UTMOST CARE!

Want to receive our newsletter?

Sign up on our website at www.focus-cpa.com

Email Mary@focus-cpa.com

Call us at 920.351.4842



THE BOOK REVIEW

TITLE: The Outward Mindset

AUTHOR: Arbinger Institute

TOPIC: Leadership

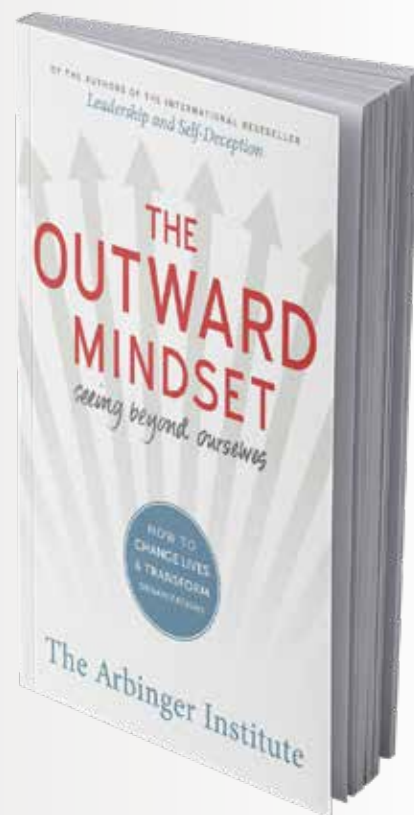
EASY TO READ: \$\$\$\$\$ (5 out of 5 dollars)

APPLICABLE TO SMALL BUSINESS: \$\$\$\$\$ (5 out of 5 dollars)

Summary: The book offers a path to create trust, support and increased results within a team or family. Starting with an open mindset, allowing people to be responsible, remove distinctions, rethink systems and processes to energize people instead of managing objects.

My recommendation: This book lays out a game plan to implement the outward mindset. The outward mindset focuses on seeing others, adjust your results and measure your results. Love the perception

Pages: 176 | Published: 2016



RESEARCH AND DEVELOPMENT TAX CREDIT DO YOU QUALIFY?

By Mary Guldan Lindstrom CPA

IRS has a Research & Development tax credit available. It can provide a huge tax benefit, if you meet the tests and have qualified expenses. However, most company under \$10 million in sales struggle to meet those tests.

TO QUALIFY THE ACTIVITY NEEDS TO PASS A 4-PART TEST

1. Does it relate to a new or improved business function?
2. Is it technological in nature within the physical, biological, computer or engineering sciences?
3. Are you looking for answers – will the process work? How can it be done? Best design?
4. Is this a process of experimentation - a simulation, evaluation, confirmation of hypothesis, testing thru trial & error?

ONCE YOU PAST THE TEST – THEN WHAT EXPENSES QUALIFY?

- Taxable wages paid to US employees for qualified research
- Supplies consumed and equipment used
- 65% paid to subcontractors who are directly involved

DOCUMENTATION NEEDED TO PASS A TAX AUDIT

- Qualified research & development activity – description, the purpose, who pays for it, etc. It absolutely must comply with the law and hold up under audit.
- Timesheets, description of what was done, paid invoices that apply

CALCULATION

The calculation is based on current years qualified expenses less 50% of the last 3 years R&D qualified expenses multiplied by 14% for Federal and 5.75% for WI. For example - \$100,000 of current year R&D expenses less (50% of the average of last 3 years R&D expenses which totaled \$150,000) times 14% = IRS tax credit of \$10,500. For WI it would be \$4312.50.

Of course, nothing is straight forward. The IRS and WI Dept of Revenue take extra steps to watch the R&D tax credits. Be sure your documentation can pass an audit.

If you have questions, please contact Ricardo, 920-351-4842



MANAGE YOUR TAX BILL - BUSINESS TAX PLANNING

By Mary Guldan-Lindstrom CPA

As the year is coming to a close, it is time to think about taxes. As a business owner, you put blood, sweat and tears into your business every day. Now is the time to understand your unique tax situation and how to minimize your tax bill.

BUSINESS OPPORTUNITIES & ISSUES

1 INVEST IN EQUIPMENT. Need to place in service these assets by December 31. A business can write it off under tax code sec 179 up to \$1,050,000. Wisconsin does not allow bonus depreciation but does follow Federal Sec 179 limits.

2 INVEST IN A COMPANY VEHICLE. If you use your vehicle more than 50% for business consider buying one in the business. Depreciation is \$18,100 for 2020, \$16,100 for year 2, \$9,700 for year 3 and \$5,760 for year 4 and thereafter. Note that the personal portion of a business vehicle is added to your taxable wages.

3 ESTABLISH OR EXPAND A RETIREMENT PLAN. For those just starting you may be able to claim a tax credit for setup costs of SEP, SIMPLE IRA or qualified plan. Consider making a discretionary profit-sharing contribution. To be tax deductible the contribution must be made no later than the tax return file date.

4 MAXIMIZE THE NEW DEDUCTION for pass-through income. You could avoid paying taxes on 20% of your business income. The calculation is complex and can be an all or nothing option - so plan ahead. For those with service businesses and those with high taxable income and low wages, there are ways to increase this deduction.

5 REVIEW THE COVID FUNDING YOU RECEIVED this year to determine what is taxable. The Paycheck Protection Program loan forgiveness isn't taxable. The Employee Retention (ERC) credit reduces your taxable wages. As a result, the ERC is taxable income. WI grants are not taxable at the WI level, but are at the Federal level.

6 ELECTING TO PAY WI TAXES at the business level. We now have an option for S corporations to pay the WI taxes like a C corporation. The rate is a bit higher, however the WI taxes paid will reduce the Federal taxable income.

CLAIM ALL YOUR EXPENSES AND TAX CREDITS

• **VEHICLE EXPENSES.** You can choose between deducting the business portion of the actual costs or deduct 56 cents per business mile. A written mileage log of business and personal miles is required to take the deduction.

• **RESTAURANT MEALS** are 100% deductible in 2021 & 2022. In an attempt to encourage busi-

ness owners to support restaurants, meals paid to a restaurant are 100% tax deductible this year.

• **OFFICE IN THE HOME.** If you work out of your home in a space used exclusively for business you can write off a prorated amount of your home costs. The deduction is limited to the taxable income, though costs can be carried for-

For small business owners it is critical to consider your personal and business circumstances before implementing any ideas. If you have any concerns or want to reduce your tax surprise, call our office 920-351-4842 and set up a tax planning meeting.

"Improving the lives of small business owners" **FOCUS CPA** Inc

SMALL BUSINESS OWNERS

DO YOU WANT TO AVOID TAX SURPRISES, ESPECIALLY COSTLY ONES?

ARE YOU READY FOR THE POSSIBLE TAX CHANGES?

SCHEDULE A TAX STRATEGY/PLANNING MEETING

We live in a very complex business world. It is difficult for business owners to wear the many hats that are required, especially when it comes to taxes. Besides being another language, the rules keep changing and the government continues to ask for more.

Before the year is done and your options are limited let's schedule a Tax Planning Meeting.

We will review your situation, estimate your tax liability, provide options to reduce your overall taxes and determine your cash needs.

Call our office
920-351-4842
or email
JODI@FOCUS-CPA.COM

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ARE VAMPIRES REAL?

Vampire stories thrived in the Middle Ages, especially as the plague decimated entire towns. The disease often left behind bleeding mouth lesions on its victims, which were taken as a sure sign of vampirism.

It wasn't uncommon for anyone with strange physical or emotional illness to be labeled a vampire. Some researchers have pointed to porphyria, a blood disorder that can cause severe blisters on skin that's exposed to sunlight, as a disease that may have been linked to the vampire legend. Believe it or not, some symptoms of porphyria are temporarily relieved by ingesting blood.

When a suspected vampire died, their bodies were often disinterred to search for signs of vampirism. In some cases, a stake was thrust through the corpse's heart to make sure they stayed dead. Other historical accounts describe the decapitation and burning of the corpses of suspected vampires well into the nineteenth century.

From www.history.com

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